

IDEA Part B ARRA Fund FAQs

A. Authorized Uses of IDEA Part B ARRA Funds:

- 1. Can an LEA use IDEA Part B American Recovery and Reinvestment Act (ARRA) funds to provide special education administration?*

An LEA may not use IDEA Part B ARRA funds to provide for special education administration.

- 2. Can an LEA or AEA purchase technology equipment/tools like amplification systems and whiteboards and place them in regular education classrooms as long as special education students are in the regular classrooms?*

IDEA Part B American Recovery and Reinvestment Act (ARRA) funds can be used to purchase amplification systems and whiteboards to allow a special education student access to the general education environment, but there needs to be a specific student need for the purchase of amplification systems and whiteboards for this to be allowable. Purchasing these items for all general education classrooms without a direct special education student need, as per IEP, would not be an allowable IDEA Part B ARRA fund expense. If the equipment purchased exceeds \$5,000, the LEA or AEA would need to get approval from the Iowa Department of Education before the purchase of the equipment.

- 3. Can the IDEA Part B American Recovery and Reinvestment Act (ARRA) funds be used to fund professional development for special education teachers?*

Yes. The use of IDEA Part B ARRA funds is limited to special education expenses, so the professional development should be focused on special education and provided to special education staff.

- 4. Can an a local education agency (LEA) use allocations of IDEA Part B American Recovery and Reinvestment Act (ARRA) in 2009-2010 and 2010-2011 to reduce the special education deficit as suggested for the IDEA Part B ARRA funds received in 2008-2009?*

Yes, but the amount that can be utilized for special education negative balance reduction may be limited to avoid violating maintenance of effort (MOE). Further guidance will be provided annually to LEAs and AEAs with minimum standards that must be met to use the funds for special education negative balance reduction.

- 5. Are we required to use the IDEA Part B American Recovery and Reinvestment Act (ARRA) funds to reinstate special education staff we have already reduced*

before using these funds in other areas? If so, how does this minimize the "funding cliff"?

No, but it is important to remember the principles for use of these funds. If you are reducing special education staff based on a decline in special education student enrollment, there may not be a need to retain this staff member to perform their current job duties. If this is the case, the LEA should look for ways to retain staff members in a new and innovative type of special education position.

6. *Since a local education agency (LEA) needs to have a certain number of special education teachers to provide appropriate special education services, how does the LEA show the use of the IDEA Part B American Recovery and Reinvestment Act (ARRA) funds created or retained the jobs of special education teachers?*

If an LEA does not need to reduce special education staff because the special education services being provided by the teachers are necessary to meet student IEP needs, the LEA would not indicate it is saving special education teacher jobs in reporting the information. Retaining or creating special education jobs is one of many priority uses for IDEA Part B ARRA funds but an LEA should remember the ARRA "funding cliff" principle.

7. *Can IDEA Part B American Recovery and Reinvestment Act (ARRA) funds be used to purchase vehicles to transport students with special needs?*

Since the cost of the vehicle would most likely exceed \$5,000 the local education agency (LEA) would need to get permission from the Iowa Department of Education before purchasing it, but IDEA Part B ARRA funds can be used to purchase a vehicle to transport a special education student with specialized transportation listed on their IEP. This use, however, would not be recommended. Please note that the LEA would have to report how the purchasing of the vehicle meets the principles stated on slide #2 of the webinar presentation. Alternately, an LEA could use the freed up state and local special education funds resulting from the maintenance of effort (MOE) reduction to purchase the vehicle and then be allowed to use the vehicle for any type of LEA transportation.

8. *How can an LEA invest the one-time IDEA Part B ARRA funds to minimize the funding cliff and also create and save jobs which are recurring costs?*

While one of the priorities of the IDEA Part B ARRA funds is to create and retain jobs, this focus does not require that every activity related to these dollars result in the creation or retention of jobs. Some activities **may not** result in job retention or creation.

Furthermore, an LEA with declining special education enrollment may need to make special education staffing reductions based on these declines. In this

situation, it may not be financially beneficial to utilize IDEA Part B ARRA funds to retain staff in jobs the LEA can no longer justify based on student need. An LEA could retain a displaced special education staff member by employing them to provide a new special education contracted service for a specified period of time with the IDEA Part B ARRA funds and avoid the “funding cliff.”

9. If an LEA is laying off special education staff because of declining special education enrollment, can the IDEA Part B ARRA funds assist in retaining or creating jobs?

Yes, but as indicated above, an LEA with declining special education enrollment may need to make special education staffing reductions based on these declines. In this situation, it may not be financially beneficial to utilize IDEA Part B ARRA funds to retain staff in jobs the LEA can no longer justify based on student need. An LEA could retain a displaced special education staff member by employing them to provide a new special education contracted service for a specified period of time with the IDEA Part B ARRA funds.

10. How will the IDEA Part B ARRA funds impact LEAs with a positive special education balance in terms of the 10% maximum carryover for special education? Will more than a 10% carryover be allowed to LEAs?

The IDEA Part B ARRA funds will operate outside the 10% carryover calculation when determining an LEA's special education balance. In calculating an LEA's special education balance, only the Basic Part B will be included in determining whether an LEA has exceeded 10% of an LEA's additional weighted dollars for the year.

11. Can LEAs use the IDEA Part B ARRA funds to pay for the cost of administering the mandatory state senior survey?

Yes. This is an allowable expense funded by IDEA Part B ARRA funds.

12. Can LEAs use the first payment in May of the IDEA Part B ARRA funds to do the MOE reduction?

No, the first payment of IDEA Part B ARRA funds an LEA receives can only be used for special education.

13. Do LEAs have to spend all of the IDEA Part B ARRA funds on new initiatives or can the LEA fund a new program(s) for two years?

An LEA can do either new initiatives or programs for the period of time the funds last. As long as the expenses are for special education, the IDEA Part B ARRA funds can be used.

14. Can IDEA Part B ARRA funds be used to fund non-special education activities?

No. IDEA Part B ARRA funds can only be used for special education activities.

- 15. Can an LEA use IDEA Part B ARRA funds to pay a prorated amount of the salary and benefit expenses of a nurse to special education based on how many special education students are served by the nurse compared to general education students?*

A portion of a nurse's salary and benefits can only be charged to special education, IDEA Part B ARRA, if they are providing direct IEP services to a particular student. An LEA is not allowed to prorate expenses to special education based on student count at any time or for any expense. Special education funds can only be used to pay for actual costs associated with a student's IEP.

- 16. Can IDEA Part B ARRA funds be used to purchase computer software for a lab used by special and general education students?*

No. IDEA Part B ARRA funds can only be used on special education. Purchasing software for a school-wide lab does not meet the requirements to be a special education expenditure. An LEA could use the freed up state and local special education funds resulting from the MOE reduction to purchase this software in the 2009-10 school year.

Authorized Uses of Freed Up State and Local Special Education Funds:

- 1. Can freed up state and local special education funds resulting from the maintenance of effort (MOE) reduction be used to re-call (re-hire) teachers that were reduced prior to April 30th due to budgetary constraints?*

Yes, the freed up state and local special education funds resulting from the MOE reduction can be used in 2009-2010 school year to employ general education teachers previously reduced by budget constraints.

- 2. Can freed up state and local special education funds resulting from the MOE reduction be used for additional professional development activities not specifically related to special education?*

The freed up state and local special education dollars from the MOE reduction cannot be used for special education. These funds can be used for activities authorized under Elementary and Secondary Education Act (ESEA), which could include professional development about Reading Recovery, Instructional Decision Making, and Positive Behavioral Interventions and Supports.

3. *Can local education agency expend the freed up state and local special education funds resulting from the maintenance of effort (MOE) reduction for expenses from February 17, 2009 to June 30, 2009?*

No. The freed up state and local special education funds resulting from the MOE reduction can only be utilized in the 2009-2010 school year. The IDEA Part B ARRA funds received as the first installment, around May 15, 2009, must be utilized for special education.

4. *Can an LEA choose to use the freed up state and local special education funds resulting from the MOE reduction to fund a summer school program for At-Risk or non-proficient students during the summers of 2009, 2010, and 2011?*

Yes. Those would be allowable uses of those freed up state and local special education funds.

5. *The guidance document states the DE expects the freed up state and local special education funds resulting from the MOE reduction to be used in particular ways. Are these requirements or does the LEA have flexibility on how to use these funds, such as replacing Phase I?*

The list is a recommendation of how these funds could be utilized and are not requirements of how to use the freed up state and local special education funds resulting from the MOE reduction. LEAs should be cautious before determining the use of these funds by looking at the entire financial picture of the LEA. These are one time funds coded to the 2009-2010 school year and should not be used to replace state funding that no longer exists.

6. *Can the LEA use the freed up state and local special education funds from the 50 percent maintenance of effort reduction for special education administration which are to be utilized for Elementary and Secondary Education Act (ESEA) eligible services?*

An LEA may use the freed up state and local special education funds resulting from the maintenance of effort (MOE) reduction in the 2009-2010 school year to pay for a special education administrator, but appropriate coding needs to be utilized. If an LEA decides to do this, please contact the Iowa Department of Education at that time to assure correct coding. The issue, in this case, is the “funding cliff” this LEA will face when these funds are gone.

7. *If an LEA uses freed up state and local special education funds resulting from the MOE reduction, is the LEA required to use these funds to replace Phase I dollars?*

No, the LEA is not required to use the freed up state and local special education funds resulting from the MOE reduction to replace Phase I. However, it may not

be financially sound for LEAs to use one-time IDEA Part B ARRA funds to replace state and local funding streams (Phase I) that will no longer exist. When these funds are gone, the LEA will be facing the “funding cliff.” What LEAs should do is create a plan of action for the use of the freed up state and local special education funds resulting from the MOE reduction with the assumption these funds will no longer exist. The IDEA Part B ARRA funds should be focused on where the LEA is going and not sustaining where the LEA has been.

8. How does an LEA avoid laying off general education staff that cannot be funded by IDEA Part B ARRA funds?

LEAs will be able to use the freed up state and local special education funds resulting from the MOE reduction to fund general education staff meeting the requirements of allowable expenses under ESEA in school year 2009-10. The LEA should be aware of the “funding cliff” resulting from the use of one-time IDEA Part B ARRA funds to support personnel activities under ESEA.

9. Why are LEAs allowed to use special education controlled funding for non-special education activities through the MOE reduction?

First of all, IDEA Part B regulations state an LEA using the MOE reduction must use freed up state and local special education dollars to fund ESEA allowable activities. The DE has taken the position that the allowable “general program expenditures” calculated on the Special Education Supplement and generated by the 1.0 for special education students are the funds being transferred to the general program.

10. Is there an MOE requirement for Section 619 funds and, if so, is there an MOE reduction provision for those funds?

IDEA Part B Section 619 funds do have a MOE requirement, but the MOE reduction provision is limited to IDEA Part B Section 611 funds. In other words, there is no MOE reduction provision which frees up state and local special education funds in IDEA Part B Section 619.

B. Spending Authority:

1. Are the IDEA Part B American Recovery and Reinvestment Act (ARRA) funds spent outside of the Unspent Authorized Budget?

The IDEA Part B ARRA funds are a part of the local education agency’s (LEA) Unspent Authorized Budget (included under miscellaneous income). The LEA will receive authority to spend the IDEA Part B ARRA funds, but will have corresponding special education expenses equal to the amount of these funds. Therefore, the IDEA Part B ARRA funds do not improve the LEA’s spending authority position overall.

2. How do LEAs with a projected negative unspent balance reduce expenditures to avoid the negative unspent balance while satisfying the “Maintenance of Effort” requirement?

The MOE requirement applies to special education spending of state and local dollars only, while budget authority deals with the entire General Fund. For this reason, an LEA with a projected negative unspent balance will need to reduce general program expenditures and special education expenditures above the MOE threshold in order to meet state requirements. If the LEA is already at the MOE threshold in special education, the LEA will only be able to reduce the general program expenses to meet this state requirement.

Secondly, an LEA's MOE threshold can also be reduced through 5 exceptions offered under the IDEA regulations. The following is a list of exceptions which reduce the MOE threshold in the reporting year:

- Voluntary special education personnel reductions;
- Reductions in special education student enrollment;
- Loss of a high cost special education student;
- Termination of a long-term special education cost; or
- Reimbursement from the “High Cost” fund.

3. If an LEA is not overspending its special education budget, what can the LEA spend the IDEA Part B ARRA funds on?

An LEA must spend the IDEA Part B ARRA funds on special education activities by September 30, 2011. All LEAs should establish a plan of action to determine what activities would most benefit the LEA's special education students. These one-time IDEA Part B ARRA funds provide a unique opportunity for LEAs to implement time specific special education activities above and beyond the minimum requirements established by student IEPs.

4. Do LEAs receive spending authority for both IDEA Part B ARRA funds and the freed up state and local special education funds?

From a spending authority standpoint, the district will be no better off than they were without the IDEA Part B ARRA funds. LEAs will receive the authority to spend the IDEA Part B ARRA funds on special education, but will also have equal special education expenditures to match these funds by September 30, 2011. Therefore, the IDEA Part B ARRA funds do not improve the district's spending authority position overall. The freed up state and local special education dollars resulting from the MOE reduction will end up putting freed up special education dollars into general education. Since the LEA already has authority to spend these funds, the LEA's spending authority will not increase.

5. If an LEA anticipates negative spending authority, how do LEAs use IDEA Part B ARRA funds?

LEAs will receive authority to spend the IDEA Part B ARRA funds, but will also have corresponding expenses to go along with the authority. In other words, the LEA will have authority to spend the IDEA Part B ARRA funds and a negative overall spending authority in the end.

C. Transparency, Accountability, and Reporting:

1. *The Iowa Department of Education webinar stated the funds must be "obligated" by September 30, 2011. Does obligated mean "expended" or "encumbered"?*

Obligations mean orders placed, contracts and grants awarded, services received, and similar transactions during a given period that require payment by the recipient during the same period. (IDEA Part B Funds must be expended by September 30, 2011).

2. *How do IDEA Part B ARRA funds affect GAAP budget issues? Do we account for the full amount or just the payments we receive in FY2009?*

Each LEA will code receipt of the IDEA Part B ARRA funds when the payments are received and code IDEA Part B ARRA fund expenses when they occur based on GAAP. Any IDEA Part B ARRA funds not expended in the year of receipt will be classified as deferred revenue.

3. *What are the definitions to use to explain some of the spreadsheet column headings (e.g., MOE, Proportionate Share, CEIS)?*

There are definitions included as part of the IDEA Part B ARRA spreadsheets located under another tab (spreadsheet) within the Excel workbook. These tabs can be found in the bottom left-hand side of the worksheet and definitions are located under the tab labeled "Narrative."

4. *Must an LEA receipt all IDEA Part B ARRA funds directly into a special education revenue account?*

Yes. IDEA Part B ARRA funds are special education funds and must be spent only on special education.

5. *What does "Evaluation of Completion Status" mean as part of the IDEA Part B ARRA reporting requirements?*

An LEA will need to select one of the choices below on the quarterly report to indicate the stage of completion of the specific activity.

☐ Not Started

☐ Less Than 50% Completed

☐ Completed 50% or More

6. *Will AEAs be receiving IDEA Part B ARRA funds to flow-through to the LEAs? If so, are there any additional paperwork requirements in order to disburse the funds to the LEA?*

Yes. For the 2008-09 disbursement of IDEA Part B ARRA funds, there are no additional paperwork requirements to receive these funds. In school years 2009-10 and 2010-11, the reporting requirements utilized for the Part B Basic will be followed. The LEA will report to the AEA how the IDEA Part B funds were used and the AEA will then report to the DE. The only difference is that there will only be an end of the year report and not a mid-year report.

7. *For the reporting requirements, will AEAs be required to gather data from the LEAs for the Part B flow-through funds and submit it to the DE along with the AEA information within 10 days of the quarter, or, will LEAs report directly to the DE?*

Both the LEAs and AEAs will report use of the IDEA Part B ARRA funds directly to the DE.

8. *What is the process for an LEA or AEA to get permission to purchase equipment in excess of \$5,000 with the IDEA Part B ARRA funds?*

Until a web based application can be created, LEAs and AEAs will request approval to purchase equipment in excess of \$5,000 by sending an email to Steve.Crew@iowa.gov requesting permission to purchase such equipment. In the request for permission, the LEA or AEA will include the following:

- Equipment description;
- Actual equipment cost;
- Activity engaged in with the equipment; and
- Impact on student achievement.

The information collected will be forwarded to the AEAs to verify against the Part B applications submitted by the LEAs. Any inconsistencies between the two reports will be addressed by the AEAs.

9. *Is it possible to receive the IDEA Part B ARRA funds only after they have been spent rather than on an advance basis? If not, how should LEA maintain these funds to avoid the possibility of earning interest?*

The DE will not be changing the methodology of when and how the IDEA Part B ARRA funds will be distributed to LEAs. All aspects of the distribution were considered when the dates were selected. All LEAs will have special education expenses greater than the distribution received at the time of receipt. Therefore, no district will actually earn interest on the IDEA Part B ARRA funds unless the LEA carries IDEA Part B ARRA funds from one year to the next. At this time,

interest earned must be paid back, if it exceeds \$250. In addition, the amount paid back will include the first \$250 of interest earned.

D. Allocations of IDEA Part B ARRA Funds:

1. Can you clarify the application we file?

Each local education agency (LEA) submits an application to receive Part B funds for a given year with the area education agency (AEA). Each LEA will receive the first distribution (20 percent of the total IDEA Part B American Recovery and Reinvestment Act (ARRA) fund award for 2009-2010 school year) around May 15, 2009. The eligibility to receive the first distribution is based on the Part B application the LEA filed with the AEA for the 2008-2009 school year. In other words, every LEA is eligible to receive the first distribution.

2. Can the area education agency (AEA) work with the local education agencies (LEAs) to provide special education services with the IDEA Part B American Recovery and Reinvestment Act (ARRA) funds appropriated to the AEA's?

Yes. Since the IDEA Part B ARRA funds belong to the AEA, they may decide to work in conjunction with LEAs or offer sub-awards (grants) to LEAs to offer additional special education services to students.

3. Can local education agencies expect similar distribution of funds for the 2010-2011 school year or is the one-time funding to stretch out until September 2011?

The IDEA Part B American Recovery and Reinvestment Act (ARRA) funds are one time funding for the LEA or AEA and will be distributed in five (5) installments and must all be expended by September 30, 2011.

4. How is the total amount of IDEA Part B American Recovery and Reinvestment Act (ARRA) funds actually distributed to local and area education agencies (LEAs, AEA's)?

The Iowa Department of Education intends to distribute the LEA's or AEA's IDEA Part B ARRA funds total allocation between May 15, 2009 and September 30, 2011.

5. Is the total under column E of the American Recovery and Reinvestment Act (ARRA) Allocations IDEA Part B LEA spreadsheet for two years or will local education agencies (LEAs) receive this amount again in 2010-2011?

The amount listed in column E of the ARRA Allocations IDEA Part B LEA spreadsheet is the total amount the LEA will receive in IDEA Part B ARRA funds. The total amount of IDEA Part B ARRA funds will be distributed to LEAs in five (5) installments (20 percent) of Column E reduced by Column H.

6. Why are columns D and J different on the ARRA Allocations IDEA Part B LEA (Final) spreadsheet?

Column D is the Basic Part B allocation for the 2009-10 school year and column J is the Basic Part B allocation for the 2008-09 school year. These amounts vary because they indicate allocations for different years and the calculation factors (population and poverty) change from year to year for each LEA.

7. Can an LEA spend more IDEA Part B ARRA funds than it received in a given year? If so, what is its impact on the LEA's special education balance and how should those expenses be recorded in the LEA's books?

Yes, an LEA is allowed to spend more than its allocation of IDEA Part B ARRA funds in a given year. The district will be reimbursed for those expenses in subsequent IDEA Part B ARRA payments. If an LEA does spend more than its allocation, it will have no impact on the LEA's special education balance because the IDEA Part B ARRA funds operate outside the special education balance calculation. The expenses will be booked as being funded by IDEA Part B ARRA funds in the year they were incurred, but the amount of expenses exceeding the revenues received will not be considered an expense when determining the annual special education balance. The only time the IDEA Part B ARRA funds become a part of the annual special education balance calculation is when the LEA chooses to apply these funds toward the special education negative balance in a given year.

E. Maintenance of Effort (MOE):

1. Is there a maintenance of effort requirement after school year 2010-2011? If the IDEA Part B American Recovery and Reinvestment Act (ARRA) funds end after two years, are local education agencies (LEAs) expected to maintain state/local effort?

Yes, IDEA Part B has always had a maintenance of effort requirement. The one time funding of IDEA Part B ARRA does not impact this requirement under Part B.

2. Is maintenance of effort (MOE) determined on a district-wide level, or building by building? I have an instructor who is taking early retirement, and her replacement will be at a lesser cost. Will this cause a problem with MOE?

MOE is determined district-wide. Because the teacher is taking early retirement, the previous year's salary and benefits of the teacher is considered an exception to MOE and, thus, reduces the amount of special education expenditures required the next year to meet MOE.

3. *How can local education agencies (LEAs) meet the maintenance of effort (MOE) requirement in fiscal year 2012 without the IDEA Part B American Recovery and Reinvestment Act (ARRA) funds?*

The MOE requirement applies to state and local special education funds and not the federal funds. An LEA or area education agency must maintain its state and local special education effort.

4. *What is the penalty for an LEA not meeting the MOE requirement?*

If an LEA does not meet the IDEA MOE requirement, the LEA must return to the DE state and local funds equal to the amount the LEA did not meet the MOE requirement. For example, an LEA spends \$1,000,000 in state and local special education funds in Year 1. In Year 2, the same LEA spends \$900,000 in state and local special education funds. In this case, the LEA did not maintain state and local effort and must repay in state and local special education funds the amount of \$100,000.

5. *Does an LEA have to meet MOE in the 2008-09 school year in order to utilize the MOE reduction process in the 2009-10 school year?*

The LEA choice of whether or not to reduce its MOE in the 2009-10 school year has nothing to do with the LEA maintaining its state and local effort in the 2008-09 school year. For instance, an LEA could still choose to reduce its MOE in the 2009-10 school year, even if the LEA did not meet its MOE in the 2008-09 school year.

F. Coordinated Early Intervening Services (CEIS):

1. *For those local education agencies (LEAs) that have been determined to be significantly disproportionate, is the 15 percent for coordinated early intervening services (CEIS) required of the 2008-2009 Basic Part B allocation or is it applied to the total of the 2009-2010 Basic and American Recovery and Reinvestment Act (ARRA) Part B allocation?*

Those LEAs determined to be significantly disproportionate and required to spend 15 percent on CEIS in the 2008-2009 school year were determined July 2008. Those determined to be significantly disproportionate and required to spend 15 percent on CEIS in the 2009-2010 school year have recently been notified by email and letter. Those required to spend 15 percent on CEIS in 2009-10 school year will have the 15 percent calculated from the total amount of Part B, including the IDEA Part B ARRA funds. (Column G of the ARRA Allocations IDEA Part B LEA spreadsheet)

2. *For LEAs determined to be significantly disproportionate in the 2008-09 school year, do those LEAs need to use 15% of the IDEA Part B ARRA funds received in May of this year?*

No. If an LEA has been determined to be significantly disproportionate in the 2008-09 school year, the LEA only has to use 15% for CEIS on the Basic Part B allocation in the 2008-09 school year.

The determination of significant disproportionality that applies to the IDEA Part B ARRA funds is the determination made for the 2009-10 school year, which was communicated to LEAs in May 2009. The amount listed in column D of the ARRA Allocations IDEA Part B LEA (Final) worksheet must be spent for CEIS in the 2009-10 school year. This amount is 15% of the total Part B allocation (Basic plus ARRA) for 2009-10. The 20% of the IDEA Part B ARRA funds received by LEAs in the May 2009 payment can only be used for special education. This first payment of the IDEA Part B ARRA funds cannot be used for MOE reduction or CEIS in the 2008-09 school year.

3. *Why can't an LEA use both the 15% for CEIS and the 50% MOE reduction to free up state and local special education dollars in 09-10?*

LEAs may use a combination of the 15% for CEIS and the freed up state and local special education funds resulting from the MOE reduction provisions, as long as the total does not exceed the lesser amount. If an LEA seeks both to set aside funds for CEIS and to take advantage of the flexibility to reduce MOE with freed up state and local special education funds, the LEA must ensure the amount it uses for CEIS does not exceed the maximum 15% amount that could be set aside for CEIS minus the amount by which it seeks to reduce its maintenance of effort (MOE). Alternatively, the LEA may choose to take full advantage of the flexibility to reduce its MOE and use the freed-up local funds for early intervening services for children at risk of school failure without additional support. In addition, the LEA may use either provision solely without the limitations of the other provision.

4. *Can an LEA be determined to be significantly disproportionate because of students placed at a residential treatment facility within the LEA's boundaries?*

No. LEAs can only be found to be significantly disproportionate based on the placement of their resident students. Non-resident students in a residential facility within the LEA's boundaries do not cause the district to be significantly disproportionate.

5. *May IDEA Part B ARRA funds be used to purchase library items?*

The use of IDEA Part B ARRA funds is limited to special education. Expenses incurred to provide a special education student with access to library services are allowable expenses when tied to a specific service listed on a student's IEPs.

6. May IDEA Part B ARRA funds be used to purchase formative assessments?

The use of IDEA Part B ARRA funds is limited to special education. Expenses incurred to purchase formative assessments to provide the special education student with access to the assessment are allowable expenses when tied to a specific service listed on student's IEPs.

7. May IDEA Part B ARRA funds be used to purchase books and supplies?

The use of IDEA Part B ARRA funds is limited to special education. Expenses to provide a special education student with access to the general education curriculum are allowable special education expenses when tied to a specific service listed on student's IEPs. Modified books and supplies needed to provide the special education student access are allowable uses for IDEA Part B ARRA funds.

8. Is there more flexibility on the use of IDEA Part B ARRA funds if an LEA uses the MOE reduction procedure instead of the CEIS procedure?

Yes. If an LEA uses the MOE reduction procedure, the LEA can use these freed up state and local special education dollars on any ESEA activity. Allowable activities include any general program expense. If an LEA uses the CEIS procedure, the LEA must identify the group receiving the services and track those students for a period of two years. In addition, the use of these funds is limited to the identified group for CEIS and the funds are not to be used on all general program students.

9. Does an LEA need to amend the 2008-09 Part B application to change the use of the CEIS procedure to the MOE reduction procedure?

No. An LEA should not choose the MOE reduction procedure for school year 2008-09 because the increase in Part B from 2006-07 and 2007-08 is minimal, if anything. For that reason, LEAs continue to use the CEIS procedure in the 2008-09 school year. In the 2009-10 school year, the LEA should choose the MOE Reduction procedure.